

# **WHAT HEALTH CARE REFORM MEANS FOR RURAL AMERICA**

Health reform maintains Congress' commitment to rural America by ensuring that all individuals in rural areas have access to the care they need close to home.

## **RURAL AMERICA:**

**Supports Community Health Centers in Rural Areas:** Community health centers are an important source of care in rural areas. The legislation provides \$11 billion in new funds to support community health centers over the next five years, and maintains the current requirement that these rural areas receive special consideration for distribution of funds.

**Trains Primary Care Providers for Rural Areas:** There is a shortage of health providers in rural America, particularly primary care. The legislation emphasizes training for primary care providers by supporting training on rural health, investing in advanced nurse training, and providing \$1.5 billion to expand the National Health Service Corps to address work shortages in high-need areas. The legislation also redistributes unused Medicare-funded graduate medical education positions to hospitals in rural and other communities and health professional shortage areas - such as the Central Valley - that commit to train primary care or general surgery residents.

**Provides Coverage for Uninsured Rural Individuals:** In rural areas, the uninsured rate reaches 23%, almost five percentage points higher than in urban areas, and the current recession means that more people may lose access to their employer-based health coverage. The legislation guarantees that individuals currently without access to affordable health insurance would have options for obtaining affordable, quality health care coverage.

**More Affordable Choices and Competition.** In many rural states, one insurance company dominates more than 80% of the market, meaning that there are often only one or two insurance companies offering health plans in the individual and small group markets. Health insurance reform will result in an additional 32 million people accessing health insurance, creating greater participation and competition by health insurers.

**Provides Bonuses to Reward Primary Care Doctors that Practice in Shortage Areas:** Only 9% of physicians practice in rural America even though 20% of the population lives in these areas. The legislation provides a 10% incentive payment for primary care doctors practicing in underserved areas, which, combined with a current bonus for physicians in shortage areas, will help recruit and retain primary care physicians where they are needed the most.

**Ensures that Rural Doctors Are Paid the Same Rate for Their Work as Urban Doctors:** Prior to 2003, the Medicare reimbursement formula paid doctors practicing in rural areas relatively less for their work, even though they have the same training as their urban counterparts. The legislation helps rural physicians by extending an existing provision that addresses this payment inequity.

**Helps Rural Doctors Cover Costs Related to Operating their Practice:** Physicians practicing in rural areas are paid relatively less by Medicare than their urban counterparts for expenses such as rent and hiring office staff. The legislation will encourage doctors to practice in rural America by increasing Medicare reimbursement rates in many areas for these types of overhead costs.

**Rewards Hospitals in Low Cost Areas:** The legislation provides \$400 million to reward hospitals located in areas of the country with the lowest per capita level of Medicare spending.

**Ensures Access to Preventive Services in Rural Areas:** The bill mandates that insurance companies pay for preventative care (including well baby and well child care) in new health plans to underscore the importance of preventive health services in making America healthier and lowering the growth of health care costs over time. And the legislation caps annual out-of-pocket spending for individuals and families so that no one faces bankruptcy from health costs ever again.

**Assistance for Rural Hospitals:** The Medicare Modernization Act enabled certain hospitals, commonly referred to as “Section 508 Hospitals,” to be more appropriately reimbursed by Medicare for the services they provide to rural communities. The bill continues these critical payment improvements, enhancing the ability of these rural hospitals to recruit and retain essential staff to care for Medicare beneficiaries in their communities. Additional provisions assist hospitals with a low-volume of discharges and extend payment protections for Medicare Dependent Hospitals.

**Protects Payments for Rural Outpatient Hospitals:** When Medicare moved to a new payment system for outpatient hospitals in 2000, rural hospitals were protected from potential losses. The legislation extends this current “hold harmless” policy for rural outpatient hospitals to ensure that rural residents will continue to have access to care.

**Helps Certain Rural Hospitals Cover Their Lab Costs:** Rural hospitals have lower patient volume than their urban counterparts, making it more difficult to sustain much needed services such as laboratory tests. The legislation helps to maintain access to routine lab tests for patients living in rural areas by paying small rural hospitals their reasonable costs for performing clinical laboratory tests.

**Boosts Payments for Rural Home Health Agencies:** Home health providers in rural communities often must drive long distances to see their patients, incurring additional transportation costs. The legislation reinstates a 5% add-on payment for rural home health agencies that had previously expired so that doctors can be more fairly reimbursed for this added cost.

**Protects Ambulance Services in Rural America:** The bill protects seniors’ access to ambulance services in rural areas by continuing an existing increase to Medicare reimbursement rates for rural ambulance services. These adjustments help compensate for the additional costs incurred for providing these services over great distances.